

**25—2.11(175) Application procedures.** The beginning farmer may apply (on forms approved by the authority) for an authority loan with any lender. Any loan approved will be assigned to that lender. Authority loan eligibility is determined by the requirements of the Act and the rules of the authority.

If a beginning farmer meets the loan eligibility requirements, the decision on whether to enter into the loan agreement is between the beginning farmer and the lender. They must agree on terms of the loan such as interest rates, length of loan, down payment, service fees, origination charges, and repayment schedule, which may not be any more onerous than those charged to similar customers for similar loans, but taking into account the tax-exempt nature of interest on the loan.

Following completion of the loan application by the beginning farmer and approval by the lender, the loan application must be submitted to the authority for its review and approval. The authority's review will include, but not be limited to, whether (1) the loan applicant is a qualified beginning farmer, (2) the loan proceeds will be used for a qualified purpose by a qualified borrower under the Act, rules of the authority, and the Internal Revenue Code and IRS regulations relating to private activity bonds, (3) the terms of the loan comply with these rules, and (4) the lender meets the definition of a participating lender or bond purchaser. The authority may require that the lender furnish any information which the authority deems necessary to determine whether the lender qualifies as either a participating lender or bond purchaser. If the authority determines that the lender does not qualify as either a participating lender or bond purchaser, it may deny the application. As part of its review, the authority and lender may require the beginning farmer to submit appraisals on part or all of the property being financed by the loan or to submit any or all other documents and information as may be necessary to complete its review of the loan application.

Following approval and issuance of the bond, the authority will enter into a loan agreement with the beginning farmer and then assign the loan without recourse to the lender. The authority may charge fees as needed to defray its costs for processing the loan and bond.